

# **FISCAL NOTE**

## **HB 1536 - SB 1822**

April 17, 2001

### **SUMMARY OF BILL:**

- Creates a Long-Term Care Trust Fund as an account in the State Treasury, which will be attached to the Department of Health for administrative purposes. The Long-Term Care Trust Fund shall fund long-term care services and home-based and community-based services as defined in TCA 71-5-103 through a grant program administered by the department.
- Provides that revenues deposited in the fund shall remain in the fund until expended and shall not revert to the general fund on any June 30. Excess revenues on interest earned by such revenues shall not revert to the General Fund, but shall remain available for appropriation in subsequent fiscal years.
- Allocates funds received from the Master Tobacco Settlement Agreement as follows:
  - FY01-02, 25% of funds received shall be allocated for a Long-Term Care Trust Fund.
  - FY02-03 and thereafter, 20% of funds received shall be allocated to the Long-Term Care Trust Fund.
- Expenditures
  - Beginning January 1, 2003, and for the first 5 fiscal years of the program from that date, \$15,000,000 of the settlement funds shall be expended from the trust fund for long-term care services. Balance of settlement funds shall remain invested in the Long-Term Care Trust Fund.
  - Beginning in the 6th fiscal year, expenditures from the trust fund shall be made with interest earnings only.
- Creates a Long-Term Care Services and Trust Fund Advisory Commission made up of 12 members to study, review, and make recommendations concerning the implementation of the long-term care program. The commission is to hold public meetings throughout the year 2001 to establish the specific components of the long-term care program before programs are funded beginning on January 1, 2002.

### **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$33,423 FY01-02**

**Exceeds \$15,000,000 FY02-03**

**Other Fiscal Impact - Appropriates \$87,533,423 in FY02-03 and \$70,000,000 in FY03-04 to the Long Term Care Trust Fund from revenues received pursuant to the Master Tobacco Settlement Agreement. The tobacco settlement funds estimated to be received during FY00-01 are approximately \$350,000,000.**

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Estimate assumes the following:

- Department of Treasury will utilize existing staff to invest funds received pursuant to the bill.
- Approximately \$350,000,000 in settlement funds will be received pursuant to the Master Tobacco Settlement Agreement in FY00-01.
- Approximately \$87,500,000 [25%] will be allocated to the Long-Term Care Trust Fund in FY02-03.
- An increase in state expenditures of approximately \$33,423 resulting from the cost of statewide meetings for the Long-Term Care Services and Trust Fund Advisory Commission established by the bill. The Commission will hold a total of 9 meetings.
- Expenditures for the first 5 fiscal years of the program from monies received from the Master Tobacco Settlement Agreement are estimated as follows:

<u>Fiscal Year</u>	<u>Trust Fund Principal</u>	<u>Long-Term Care Program</u>
FY02-03	\$87,500,000	\$15,000,000
FY03-04	\$70,000,000	\$15,000,000
FY04-05	\$70,000,000	\$15,000,000
FY05-06	\$70,000,000	\$15,000,000
FY06-07	\$70,000,000	\$15,000,000

- Beginning in FY07-08 only interest earnings may be expended by the trust fund.
- The Department of Health will administer grant programs for long-term and community based care using funds appropriated in the General Appropriations Act.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director